

Message Text

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17

ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03

SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15

STR-04 CEA-01 PA-01 PRS-01 ABF-01 /093 W

----- 015606

R 250513Z NOV 75

FM AMEMBASSY MUSCAT

TO SECSTATE WASHDC 1645

INFO AMEMBASSY ABU DHABI

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY MANAMA

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E.O. 11652: N/A

TAGS: EFIN MU

SUBJECT: MEETING ON GULF DINAR

REF: KUWAIT 4354

1. FINANCIAL SOURCES IN MUSCAT STATE THAT OMANGOV IS NOT INTERESTED NOW IN FINANCIAL INTEGRATION WITH GULF STATES AND/OR UNIFIED CURRENCY. IN TERMS OF FOREIGN EXCHANGE COVERAGE, IT WOULD APPEAR THAT OMANI RIAL IS NOW AMONG WEAKEST OF GULF CURRENCIES. HENCE, JOINING A GULF DINAR UNION WOULD PROBABLY RESULT IN DEVALUATION OF OMANI RIAL IN RESPECT TO OTHER GULF CURRENCIES, AT LEAST VIS-A-VIS KUWAIT AND UAE. ACCORDINGLY, OMANGOV WILL CONTINUE RIAL LINK WITH DOLLAR.

2. SOME KNOWLEDGEABLE OBSERVERS ARE ALSO CONCERNED THAT
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INTEGRATED CURRENCY MIGHT LEAD TO A "GULF COMMON MARKET" WHICH

IN TURN COULD FORCE OMAN TO OPEN ITS BORDERS TO COMMERCIAL
COMPETITION FROM DUBAI AND ABU DHABI. CURRENCY INTEGRATION
COULD THUS THREATEN ADVANTAGES CURRENTLY ENJOYED BY LEADING
BUSINESSMEN WHO HAVE STRONG INFLUENCE IN OMANGOV CIRCLES.

3. OMANGOV ATTITUDE TOWARD GULF DINAR SUMMED UP BY IBRD
ADVISER SHARIF LOTFY, WHO REMARKED THAT HE DID NOT KNOW OF
ANY HISTORICAL SUCCESSFUL MULTINATIONAL CURRENCY EFFORT, AND
HE DID NOT BELIEVE THAT THE GULF COUNTRIES WOULD SET A PRE-
CEDENT IN THIS REGARD.
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Message Attributes

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